

ISSUE 2: PROJECT ALTERNATIVES

REF: Exhibit C, Tab 1, Schedule 1, p.2, Exhibit D, Tab 1, Schedule 1, p.1,
Exhibit B, Tab 1, Schedule 1, Page 7, Table 2
AND EB-2022-0081 Natural Gas Facilities Handbook, p. 32-33

Preamble: We would like to understand the assessment of the project need and alternatives considered in this application. The referenced pages of the Natural Gas Facilities Handbook provide the Board's expectation for information to be filed in respect of Project Need and Alternatives. The content of the application does not provide the reader with the necessary understanding to determine the appropriateness of the application.

- 1) Please provide a major main map (NPS 4 or larger) that includes:
 - a) the Bridgenorth system
 - b) the Lakefield system
 - c) the proposed project
- 2) Please confirm the proposed project will link the Bridgenorth and Lakefield systems.
- 3) Using the forecasted customer additions in Table 2, for each year and each customer type, please provide the peak winter loads associated with the respective customer classes.
- 4) Please provide the network analysis of the peak day of the individual Bridgenorth and Lakefield systems for the Winter of 2022/23 providing the Maximum Operating Pressure, winter station settings and pressures and location at low points in the respective systems.
 - a) Please provide the network analysis of the peak day for the Winter of 2022/23 or Winter of 2023/24 with the proposed project in place using the same station settings.
 - i) Please provide the winter peak load forecasted to be added with the proposed project for both year 1 and year 10 assuming no additional growth from the existing system.
 - ii) Please provide the pressure and location of the low points in the respective systems.
 - b) Please provide the same network analysis described in a) including subsections in i) and ii) using NPS 2 instead of NPS 4 for the proposed project sections.

- 5) Using the results of the comparative analysis requested for the proposed NPS 4 vs the alternative NPS 2, please provide EGI's views on the pipe sizing proposed and the ability of NPS 2 as an appropriate alternative.

ISSUE 3.0 PROJECT COST & ECONOMICS

REF: Exhibit E, Tab 1, Schedule 1, p.1, Table 1, and Attachments 1 & 2

- 6) Please revise the cost estimates of Project in Table 1 using NPS 2 instead of the proposed sections of NPS 4.
- a) Please provide resulting PI of the project using the NPS 2 estimate by revising the economics in Attachment 1 & 2 using the NPS 2 estimate to show:
 - i) Initial PI (without NGEP/ SES funding)
 - ii) PI with SES contributions
 - iii) Remaining shortfall (i.e., needed additional contribution to achieve PI of 1.0)
- 7) For projects included in the NGEP, please explain fully how the contributions are treated from a Discounted Cash Flow perspective including:
- a) Offset to initial capital like CIAC
 - b) Impact on rate base (gross vs. net)
 - c) Impact to CCA Tax Shield and resulting project benefits (i.e., who receives benefits)
- 8) Please clarify the impacts of the following: A residential customer signs up and receives natural gas service in year 1 and they stay connected for 10 years. That customer sells their property to a third party who converts the home to some form of electrical heating and water heating.
- a) Are there obligations on the property for the SES surcharge that transfers the obligation for some lump sum payment from either the new or previous owner?
 - b) If not, would that expected shortfall of revenue be made up by the company in some deferral account or by included in rates subsequent rebasing proceeding? Please explain fully.